



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 5, 2006

H.R. 486 **Holloman Air Force Base Land Exchange Act**

*As ordered reported by the Senate Committee on Energy and Natural Resources
on May 24, 2006*

H.R. 486 would provide for an exchange of federal and private land near Holloman Air Force Base in New Mexico. CBO estimates that implementing the act would increase offsetting receipts and associated direct spending, but we expect that these effects would offset each other over the next few years. Enacting H.R. 486 would not affect revenues.

H.R. 486 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not significantly affect the budgets of state, local, or tribal governments.

H.R. 486 would direct the Secretary of the Interior to convey 320 acres of federal land and associated interests in New Mexico to private landowners. In exchange, those landowners would convey 241 acres of land and interests to the Secretary. The act would provide that the exchange would be carried out under the Federal Land Policy and Management Act of 1976 (FLPMA), which requires that cash payments be made to equalize the value of the two properties. In contrast with FLPMA, however, H.R. 486 would allow such payments to exceed 25 percent of the value of the federal property. Any payment received by the federal government would be deposited into BLM's federal land disposal account and would be available, without further appropriation, to acquire land in New Mexico.

Based on recent land sales near Holloman and the relative size of the two parcels of land to be exchanged under the bill, CBO estimates that the Bureau of Land Management (BLM) would receive a cash equalization payment of about \$2 million in fiscal year 2007. We estimate that BLM would spend this amount, without further appropriation, over the next few years to acquire other New Mexico lands for the Department of the Interior.

CBO expects that other budgetary effects of the bill would be minimal. According to BLM, the property to be conveyed by the federal government generates no significant offsetting receipts (a credit against direct spending) and is not expected to do so over the next 10 years.

Also, we estimate that administrative costs related to the exchange, which would be subject to the availability of appropriated funds, would be less than \$200,000. Those costs would include upfront appraisal and mapping expenses as well as ongoing costs to manage newly acquired land.

The CBO staff contact for this estimate is Deborah Reis. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis